

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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In the Matter of )  
Petition of AT&T Communications of )  
Virginia Inc., Pursuant to Section 252(e)(5) )  
of the Communications Act for Preemption )  
of the Jurisdiction of the Virginia )  
Corporation Commission Regarding )  
Interconnection Disputes With Verizon )  
Virginia Inc. )

**VERIZON VIRGINIA INC.'S OPPOSITION TO PETITIONERS'  
MOTION TO STRIKE VERIZON VIRGINIA'S  
DIRECT TESTIMONY OF HAROLD WEST**

## INTRODUCTION

Petitioners' request to strike portions of Harold West's direct testimony because it contains other CLECs' proprietary information is utterly meritless. Petitioners agree that the *aggregated* data in Mr. West's testimony, which has been disclosed to them, should not be stricken. Indeed, they concede that Verizon VA could have provided only this data. Instead, they object to the fact that Verizon VA went an extra step and provided this same information in *disaggregated* form to the Commission, with the relevant CLEC's name, to help the Commission put the information in context. Verizon VA did not disclose the data in disaggregated form to Petitioners because carrier-specific information that may be viewed as proprietary by the CLECs is included.

Petitioners fail to tell the Commission that Verizon VA voluntarily revised Mr. West’s testimony to aggregate this CLEC data precisely because, when Petitioners objected to the original version of Mr. West’s testimony, they stated that it would “be an acceptable solution” to provide the data in aggregated form. Thus, Petitioners have taken conflicting positions. Having

first requested that the information be aggregated, they now claim that without the CLEC-specific information, they cannot assess whether the aggregated information is meaningful. Petitioners' own argument proves Verizon VA's point: that the disaggregated data is useful to the Commission to assess the current and future state of competition in Virginia.<sup>1</sup>

Verizon VA's presentation of the disaggregated information to the Commission is consistent with previous practice in numerous proceedings. While Verizon VA will, of course, provide this data to AT&T if directed by the Commission to do so subject to a protective order, Petitioners have not provided any basis to strike the CLEC-specific information from Mr. West's testimony.

## **BACKGROUND**

In Verizon VA's Direct Testimony of Harold West and its Attachment A, Verizon VA provided, in addition to aggregated data regarding CLECs' activity in Virginia, a number of specific examples of CLECs who have entered the market. Verizon VA provided this information for the convenience of the Commission, consistent with incumbent LECs' past practice in other proceedings before this Commission. Verizon VA did not disclose to the Petitioners or the public certain information that is proprietary to other CLECs because that information may be viewed as proprietary by the CLECs involved.

Petitioners sent Verizon VA a letter after the direct testimony was filed, contesting Verizon VA's introduction of information that is not available to Petitioners. The letter asked Verizon VA *either* to obtain the CLECs' consent to release the proprietary information to the parties *or* to "revise Harold West's Direct Testimony with aggregated CLEC data that would not

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<sup>1</sup> The future state of competition in Virginia, for example, is relevant to the Commission's consideration of the appropriate cost of capital and depreciation lives.

reveal the specific data for a specific CLEC.” Letter from Mark Keffer, Counsel for AT&T, to Karen Zacharia, Counsel for Verizon VA (August 1, 2001) (Attachment 1 hereto). The Petitioners further noted, with respect to aggregating CLEC data: “Given that many of the exhibits to Harold West’s testimony reflect CLEC aggregated information, this should be an acceptable solution.” *Id.* at n.1.

Verizon VA agreed to provide the aggregated data requested by the Petitioners and refiled Mr. West’s testimony on August 8, 2001, with a new question and answer added for that very purpose. Although Petitioners had requested only that Verizon VA provide aggregated data for the CLECs discussed in Mr. West’s testimony, Verizon VA went further and provided aggregated data for *all* the CLECs discussed in Attachment A to Mr. West’s testimony. *See* Verizon Virginia Inc. Testimony of Harold E. West III on Local Competition in Virginia, at 17, CC Docket Nos. 00-218, *et al.* (FCC filed Aug. 8, 2001) (Attachment 2 hereto).

## ARGUMENT

Petitioners’ motion is wholly without merit and should be denied. Verizon VA provided Petitioners precisely what they asked for — the CLEC proprietary information in an aggregated form. Curiously, Petitioners now fail even to mention that they not only requested such aggregated data as an alternative to obtaining the CLECs’ consent to disclose proprietary information, but also stated outright that such aggregated data “should be an acceptable solution.”

What Petitioners are really complaining about is that this Commission is able to see this information in a disaggregated form and is able to identify particular CLEC data. Verizon VA and other incumbent LECs, however, *routinely* submit proprietary CLEC information (which is

not disclosed to all CLECs) and aggregated data in filings before the Commission. For example, incumbent LECs have provided proprietary data including facilities-based lines, ported numbers, NXX code assignment, resale, and UNE volumes to assist the Commission in evaluating the status of local competition in numerous prior proceedings.<sup>2</sup>

Petitioners criticize Verizon VA for not choosing the first option it suggested in its August 1, 2001 letter — that Verizon VA ask the CLECs included in Mr. West's testimony if Petitioners may see their data. Verizon VA chose not pursue this option because (1) it was impractical given the timing of this case to seek and then obtain the CLECs' consent; and (2) these CLECs may choose not to cooperate with Verizon VA. Indeed, it would be unreasonable to require Verizon VA to obtain clearance from other carriers so that AT&T can see those other carriers' data, just as it would be unreasonable to put in the hands of Verizon VA's competitors the ability to choose whether Verizon VA may introduce evidence that is important to the Commission's decision in this case.

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<sup>2</sup> See, e.g., Declaration of William E. Taylor, Att. A, *Application by Bell Atlantic New York for Authorization Under Section 271 of the Communications Act To Provide In-Region, InterLATA Service in the State of New York*, CC Docket No. 99-295 (FCC filed Sept. 29, 1999); Declaration of William E. Taylor, Att. A, *Application by Verizon New England Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions), and Verizon Global Networks, Inc., for Authorization To Provide In-Region, InterLATA Services in Massachusetts*, CC Docket No. 00-176 (FCC filed Sept. 22, 2000); Declaration of William E. Taylor, Att. A, *Application of Verizon New York Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks Inc., and Verizon Select Services Inc., for Authorization To Provide In-Region, InterLATA Services in Connecticut*, CC Docket No. 01-100 (FCC filed Apr. 23, 2001); Affidavit of John S. Habeeb, *Application by SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance for Provision of In-Region, InterLATA Services in Texas*, CC Docket No. 00-4 (FCC filed Jan. 10, 2000).

Importantly, Petitioners fail to disclose that AT&T has already contacted at least some of the CLECs to request access to their proprietary information.<sup>3</sup> Verizon VA will, of course, readily disclose such information to AT&T and/or other Petitioners subject to and in accordance with any Commission order or written authorizations from any CLEC.

Petitioners' claim regarding Verizon affiliate OnePoint is a red herring. First, Attachment A to Mr. West's testimony mentions OnePoint only in one footnote.<sup>4</sup> Verizon VA included this reference *precisely* to disclose to Petitioners that, unlike the remainder of the CLEC data, the resale data included data from Verizon VA's affiliate. Petitioners did not mention OnePoint in their August 1, 2001 letter, nor did they specifically ask that Verizon VA provide the OnePoint data. OnePoint has since agreed to give Petitioners permission to review OnePoint data, which should satisfy Petitioners' concerns.

Second, Petitioners' claim regarding the OnePoint data provides no support for their motion to strike *all* CLEC-proprietary data, particularly given that Petitioners have conceded that Verizon VA is permitted to provide aggregated competition data to the Commission.

Finally, Verizon VA provided the CLEC proprietary information for the Commission's benefit, which is fully capable of and experienced in assessing the meaning and usefulness of the data. For example, the Commission itself considers the number of NXX codes obtained by CLECs — data criticized here by Petitioners as inadequate — as a measure of competition, and has also noted the shortcomings of such data. *See, e.g.*, Industry Analysis Division, Common

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<sup>3</sup> Verizon VA was informed on August 16, 2001 that Covad Communications and Rhythms Links have provided this consent to AT&T. On the same day, Verizon VA sent Covad's and Rhythms' proprietary data to AT&T.

<sup>4</sup> Verizon Virginia Inc. Testimony of Harold E. West III on Local Competition in Virginia, Attachment A at 1 n.3, CC Docket Nos. 00-218, *et al.* (FCC filed Aug. 8, 2001).

Carrier Bureau, *Local Competition: August 1999* at 43-44.<sup>5</sup> In fact, Verizon VA could have provided only the aggregated data, to which Petitioners have conceded they would have had no objection. The fact that Verizon VA also disaggregated this data only helps Petitioners because the Commission may assess this data keeping in mind the very points raised by Petitioners in their motion.

### CONCLUSION

For the foregoing reasons, the Commission should deny Petitioners' Motion to Strike Verizon Virginia's Direct Testimony of Harold West.

Respectfully submitted,



Michael E. Glover

Of Counsel

Richard D. Gary  
Kelly L. Faglioni  
Hunton & Williams  
Riverfront Plaza, East Tower  
951 East Byrd Street  
Richmond, Virginia 23219-4074  
(804) 788-8200

Catherine Kane Ronis  
Wilmer, Cutler & Pickering, LLP  
2445 M Street, NW  
Washington, DC 20037-1420

Of Counsel

Dated: August 17, 2001

Karen Zacharia  
David Hall  
1320 North Court House Road  
Eighth Floor  
Arlington, Virginia 22201  
(703) 974-2804

Lydia R. Pulley  
600 E. Main St., 11<sup>th</sup> Floor Richmond, VA  
23233  
(804) 772-1547

Attorneys for Verizon

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<sup>5</sup> Verizon VA notes that Petitioners' claims that NXX codes do not demonstrate competition is really rebuttal material, and provides no support for its motion to strike. Verizon VA will respond to the merits of Petitioners' claims in its surrebuttal testimony.



August 1, 2001

**By Facsimile & First Class Mail**

Karen Zacharia, Esq.  
Verizon, Inc.  
1320 North Court House Road  
Eighth Floor  
Arlington, Virginia 22201

**Re: CC Docket Nos. 00-218, 00-249 & 00-251**

Dear Ms. Zacharia,

On July 31, 2001, Verizon filed the Direct Testimony of Harold West. This testimony contains information proprietary to seven separate CLECs, including AT&T and Cox. Verizon did not share this proprietary information with the parties to this case. Verizon cannot introduce facts into evidence which cannot be shared with all of the parties to this case.

AT&T, WorldCom and Cox respectfully request that Verizon either (1) obtain the consent of the affected CLECs to share the information with the parties to this case under the protective order which the FCC issued in this proceeding or (2) revise Harold West's Direct Testimony with aggregated CLEC data that would not reveal the specific data for a specific CLEC.<sup>1</sup> In either event, Verizon should rectify this situation no later than August 7, 2001, particularly since rebuttal testimony is due from the parties on August 17, 2001.

Should you have any questions about this request, please do not hesitate to call Jodie Kelley for WorldCom, J.G. Harrington for Cox, or myself for AT&T.

Sincerely,

Mark Keffer

---

<sup>1</sup> Given that many of the exhibits to Harold West's testimony reflect CLEC aggregated information, this should be an acceptable solution.



cc: Katherine Farroba  
Jeffrey Dygert  
Richard D. Gary  
Catherine Ronis,  
J.G. Harrington  
Jodie Kelley



August 8, 2001

**BY HAND DELIVERY**

Ms. Magalie R. Salas  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

**RE:** *WorldCom, Cox, and AT&T v. Verizon*  
CC Docket Nos. 00-218, 00-249, and 00-251

Dear Ms. Salas:

Enclosed is a revised version of the testimony of Verizon witness Harold West. Verizon discovered that, due to a production error, Attachment A (labeled "Local Competition Report") to Mr. West's testimony was not included in Verizon's July 31 filing. Verizon is therefore filing a revised version of Mr. West's testimony to include Attachment A and aggregated information requested by counsel for AT&T. Verizon will not object if AT&T/WorldCom respond to this new information on or before August 24, 2001 – one week after the August 17, 2001 rebuttal testimony deadline.<sup>1</sup>

Please contact the undersigned if you have any questions.

Very truly yours,

Catherine Kane Ronis  
Attorney for Verizon Virginia Inc.

cc: Dorothy Attwood (8 proprietary copies; 2 public copies)

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<sup>1</sup> Of course, because this information is directly responsive to several issues raised by AT&T/WorldCom's direct testimony – e.g., the appropriate cost of capital and depreciation lives – Verizon could have filed this Attachment with its rebuttal testimony on August 17, 2001.

Mark A. Keffer (1 public and 1 proprietary copy)  
Jodie L. Kelley (1 public and 1 proprietary copy)  
J.G. Harrington (1 public and 1 proprietary copy)  
Scott Randolph (w/o enclosures)  
Lydia R. Pulley (w/o enclosures)  
Kelly L. Faglioni (w/o enclosures)

August 8, 2001

BY EMAIL AND FEDERAL EXPRESS

Mark Keffer, Esq.  
AT&T Corporation  
3033 Chain Bridge Road  
Oakton, VA 22185

Re: CC Docket Nos. 00-218, 00-249 & 00-251

Dear Mr. Keffer:

This is in response to your letter dated August 1, 2001 to Karen Zacharia regarding the CLEC proprietary information contained in the testimony of Verizon witness Harold West.

In responding to your letter, Verizon discovered that, due to a production error, Attachment A (labeled "Local Competition Report") to Mr. West's testimony was not included in Verizon's July 31 filing. Verizon is therefore filing a revised version of Mr. West's testimony to include Attachment A and the aggregated information. Verizon will not object if AT&T/WorldCom respond to this new information on or before August 24, 2001 – one week after the August 17, 2001 rebuttal testimony deadline.<sup>1</sup>

Pursuant to your request, Verizon has supplemented Mr. West's testimony with aggregated information that combines together the CLEC proprietary information marked as confidential in the Local Competition Report.<sup>2</sup> This should satisfy your concerns.

Please call if you have any questions.

Sincerely,

Catherine Kane Ronis

cc: Katherine Farroba  
Jeffrey Dygert

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<sup>1</sup> Of course, because this information is directly responsive to several issues raised by AT&T/WorldCom's direct testimony – e.g., the appropriate cost of capital and depreciation lives – Verizon could have filed this Attachment with its rebuttal testimony on August 17, 2001.

<sup>2</sup> See the revised Q&A dated August 8, 2001 in the conclusion.

J.G. Harrington  
Jodie Kelley  
Lydia R. Pulley

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of	)	
Petition of WorldCom, Inc. Pursuant	)	
to Section 252(e)(5) of the	)	CC Docket No. 00-218
Communications Act for Expedited	)	
Preemption of the Jurisdiction of the	)	
Virginia State Corporation Commission	)	
Regarding Interconnection Disputes	)	
with Verizon Virginia Inc., and for	)	
Expedited Arbitration	)	
	)	
	)	
In the Matter of	)	CC Docket No. 00-249
Petition of Cox Virginia Telecom, Inc., etc	)	
	)	
	)	
In the Matter of	)	CC Docket No. 00-251
Petition of AT&T Communications of	)	
Virginia Inc., etc.	)	
	)	

**VERIZON VIRGINIA INC.**

**Testimony of Harold E. West III**

**July 31, 2001**

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1   **I.       INTRODUCTION**

2   **Q.       Please state your name, position and business address.**

3   A.       My name is Harold E. West, III. I am Director – Regulatory Support for Verizon  
4           Communications, Inc. My office is located at 540 Broad Street, Newark, New Jersey.

6   **Q.       Please describe your professional and educational background and experience.**

7   A.       I graduated from Princeton University in 1980 with a Bachelor of Sciences degree in  
8           engineering. In 1991, I completed an Executive Masters program at the University of  
9           Pennsylvania and received a Master of Sciences degree in engineering.

10           I began working for New Jersey Bell (now Verizon-New Jersey Inc.) in 1980 as a  
11          central office equipment engineer. I then held positions of increasing responsibility in  
12          Service Costs, Rates, Product Management and Sales. I assumed my current position in  
13          December 1994. I have provided testimony before public utility commissions in  
14          Delaware, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Virginia and  
15          Washington, D.C. on various marketing, policy, and pricing issues associated with  
16          competitive entry into telecommunications markets. I have also participated in CLEC  
17          arbitration proceedings in Delaware, New Jersey and Pennsylvania.

19   **Q.       What is the purpose of your testimony?**

20   A.       I will testify about the general state of competition in the local exchange market in the  
21          parts of Virginia served by Verizon Virginia Inc. (“Verizon VA”)<sup>1</sup>, including all three

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<sup>1</sup>       Verizon VA serves those areas in Virginia that formerly were served by Bell Atlantic. Other parts of Virginia that are served by Verizon South, and formerly were served by

1 modes of interconnection under the Telecommunications Act and both business and  
2 residential markets. Specifically, I will demonstrate that CLECs are today providing  
3 local service to hundreds of thousands of Virginia customers using competitive facilities,  
4 UNEs (including the UNE-Platform), and resale. I will demonstrate, moreover, that the  
5 areas served by Verizon VA include concentrated metropolitan areas that are attractive  
6 targets for competitors, who have generally focused first on lucrative business customers  
7 and then expanded into the mass market.

8 I also will testify more specifically about the widespread deployment of  
9 competitive switches, both on a nationwide basis and in Virginia.

10 Finally, I will demonstrate that competitors are poised to take over an even larger  
11 share of the market in the future. As Dr. James Vander Weide and Mr. Allen Sovereign  
12 explain in their testimony, the forward-looking economic cost principle requires a  
13 consideration of the level of competition and investment risk over the entire future life of  
14 Verizon VA's investment in network facilities. To that end, I will demonstrate that  
15 Verizon VA faces competition in the future not only from facilities-based CLECs but  
16 also from alternative facilities such as packet switching and Internet telephony, cable, and  
17 wireless services.

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GTE, are not at issue in these proceedings. My testimony therefore does not cover those areas.  
All references to "Virginia" mean only the parts of Virginia served by Verizon VA.

1    **II.    LOCAL COMPETITION IN VIRGINIA**

2    **Q.    Please summarize the state of competition in Virginia.**

3    A.    As Attachment A demonstrates, competition is thriving in Virginia. Verizon VA's  
4        territory includes the most concentrated metropolitan areas in Virginia, including all of  
5        the ten most populous cities. Such concentrated metropolitan areas are especially  
6        attractive targets for competitors. As the Commission has recognized, CLECs have  
7        generally entered the business market in more densely populated areas before expanding  
8        into the mass market and less populated areas.<sup>2</sup>

9                Competitors are using all three modes of interconnection to provide service to  
10       both residential and business customers throughout the Commonwealth: their own  
11       facilities, Verizon VA's UNEs (including the UNE-Platform), and resale of Verizon  
12       VA's services. Facilities-based competition in particular is flourishing.

13              The numbers themselves remove any doubt about the size and breadth of local  
14       competition in Virginia. More than 75 CLECs are actively providing local service in  
15       Virginia. As of the end of May 2001, CLECs had more than 1000 collocation  
16       arrangements in place. Indeed, the number of completed collocation arrangements has  
17       grown more than 100% since the beginning of 2000. CLECs currently are collocated in

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<sup>2</sup>        See, e.g., Ind. Anal. Div., FCC, *Local Competition: August 1999* at 4-5 (Aug. 1999) ("[T]he data set we have examined allows us to evaluate the validity of certain assertions of industry analysts. One such assertion, made by virtually all analysts, is that competition is emerging most rapidly in urban business districts. . . . [H]igh-volume, low-cost customers in urban business districts are more attractive to new entrants than either rural or residential customers."); *id.* at 5 ("The facilities-based entry patterns in the three years following the 1996 Act's passage provide empirical support for these observations. We have found statistical support for the fact that firms are entering the largest and densest markets first . . ."); Ninth Report and Order and Eighteenth Order on Reconsideration, *Federal-State Joint Board on Universal Service*, 14 FCC Rcd 20432, 20441-42 ¶ 16 (1999) ("[C]ompetitors may be likely to target high-revenue business customers in low-cost urban areas. . . .").

1 102 of the 215 wire centers in Verizon VA, covering approximately 88% of the access  
2 lines served by Verizon in Virginia.

3 By the end of May 2001, CLECs had more than 121,000 facilities-based and  
4 UNE-Platform residential directory listings and approximately 29,000 facilities-based  
5 business directory listings. Competitors now have 9% of the local exchange market in  
6 Virginia, above the national average of 8.5%.<sup>3</sup>

7 Competition in the local market not only is substantial, but also is expanding  
8 rapidly. Since the beginning of 1999, for example, the number of interconnection trunks  
9 purchased by CLECs increased by more than 600%. The number of UNE-Platforms  
10 purchased by CLECs has increased by nearly 50% each month on average over the last  
11 six months for which data is available. Customers, moreover, are switching to other  
12 types of technologies in large numbers. I describe these alternatives in more detail  
13 below.

14  
15 **Q. Please explain in more detail the status of facilities-based local competition in**  
16 **Virginia.**

17 **A.** Facilities-based competition is particularly strong, and growing rapidly. Industry reports  
18 indicate that competitors in Virginia have deployed, or are in the process of deploying,  
19 more than 40 local voice switches and at least 2000 route miles of fiber in Verizon's  
20 service territory. For example, Adelphia operates three fiber networks with three local  
21 voice switches in Virginia. WorldCom, with networks in Reston and in Richmond, has  
22 deployed at least 71 route miles of fiber and one local voice switch. In addition to those

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<sup>3</sup> Robert Burke, *Phone*, Va. Bus., July 2001, at 22, 25.

1 carriers, Cavalier Telephone and two other CLECs each have three local voice switches  
2 in Virginia, Cox and four other CLECs each have two, and six CLECs have one each.  
3 CLECs also have deployed at least 25 data switches, and are using many of those  
4 switches to provide voice services, as discussed further below. These figures do not even  
5 include voice or data switches located in Washington, D.C. and Maryland that may also  
6 be used to provide service in Virginia. For example, more than half of the local voice  
7 switches located in Washington, D.C., and local voice switches located in Rockville and  
8 Laurel, Maryland currently serve rate centers in Northern Virginia.

9 As of the end of May 2001, competitors had obtained more than 1000 collocation  
10 arrangements in Virginia, covering 102 of the 215 wire centers in Verizon VA; the  
11 number of completed collocation arrangements has more than doubled since the  
12 beginning of 2000. Through those arrangements, CLECs have access to 88% of the  
13 switched access lines served by Verizon in Virginia, including approximately 92% of  
14 Verizon's total business lines and 86% of its total residential lines.

15 In addition, as of the end of May, CLECs had obtained approximately 150,000  
16 facilities-based directory listings, including more than 121,000 for residential customers  
17 and more than 29,000 for business customers, including both residential and business  
18 listings in every area code in Virginia.

19  
20 **Q. Please describe a few examples of facilities-based CLECs competing with Verizon in**  
21 **Virginia.**

1 A. AT&T, Cavalier, and Adelphia exemplify the variety and scope of local facilities-based  
2 competition in Virginia, including competition from high-speed data services and cable  
3 networks.

4 As explained in Attachment A, AT&T, one of the largest facilities-based CLECs  
5 in the U.S., serves [AT&T PROPRIETARY BEGINS] XXX [AT&T  
6 PROPRIETARY ENDS] lines in Virginia over facilities it has deployed itself. As of  
7 the end of June 2001, facilities-based directory listings showed that AT&T served  
8 [AT&T PROPRIETARY BEGINS] XXX [AT&T PROPRIETARY ENDS]  
9 residential lines over its own cable network. Its network includes two local voice  
10 switches in the Richmond metropolitan area, and others in Norfolk, Roanoke,  
11 Fredericksburg, and Arlington. AT&T has ported [AT&T PROPRIETARY BEGINS]  
12 XXX [AT&T PROPRIETARY ENDS] numbers, and is using [AT&T  
13 PROPRIETARY BEGINS] XXX [AT&T PROPRIETARY ENDS] unbundled stand-  
14 alone loops. AT&T has obtained [AT&T PROPRIETARY BEGINS] XXX [AT&T  
15 PROPRIETARY ENDS] NXX codes in Virginia.

16 Cavalier Telephone, for its part, states its "one purpose" is to provide competition  
17 for Verizon. To that end, Cavalier has established a network in Richmond, Hampton  
18 Roads, and northern Virginia that, by its own account, includes 150 miles of fiber optic  
19 backbone, three switches, and more than 60 collocation sites. The company targets both  
20 business and residential phone customers for its voice, Internet, and data service  
21 offerings. June 2001 directory listings showed that Cavalier was providing service to  
22 [CAVALIER PROPRIETARY BEGINS] XXX [CAVALIER PROPRIETARY  
23 ENDS] lines over facilities it had deployed itself, including [CAVALIER

1       **PROPRIETARY BEGINS]** XXX **[CAVALIER PROPRIETARY ENDS]** lines to  
2       residential customers. As of the end of June 2001, Cavalier had ported **[CAVALIER**  
3       **PROPRIETARY BEGINS]** XXX **[CAVALIER PROPRIETARY ENDS]** numbers,  
4       and was using **[CAVALIER PROPRIETARY BEGINS]** XXX **[CAVALIER**  
5       **PROPRIETARY ENDS]** unbundled loops. By the end of May, Cavalier had obtained  
6       **[CAVALIER PROPRIETARY BEGINS]** XXX **[CAVALIER PROPRIETARY**  
7       **ENDS]** NXX codes in Virginia.

8               Adelphia Business Solutions (formerly Hyperion Telecommunications) was  
9       formed in 1991 by Adelphia Communications, one of the nation's largest cable television  
10      providers, to provide integrated communications services, including local service, to  
11      business customers. Adelphia operates three fiber networks with three local voice  
12      switches in Virginia, and is building a 700-mile network out of Norfolk. Adelphia uses  
13      facilities it has deployed itself to serve **[ADELPHIA PROPRIETARY BEGINS]** XXX  
14      **[ADELPHIA PROPRIETARY ENDS]** lines in Virginia, virtually all of which are to  
15      business customers. As of the end of June 2001, it also served **[ADELPHIA**  
16      **PROPRIETARY BEGINS]** XXX **[ADELPHIA PROPRIETARY ENDS]** lines to  
17      business customers on a resale basis as of the end of May 2001. Adelphia has ported  
18      **[ADELPHIA PROPRIETARY BEGINS]** XXX **[ADELPHIA PROPRIETARY**  
19      **ENDS]** numbers. As of the end of May 2001, Adelphia had obtained **[ADELPHIA**  
20      **PROPRIETARY BEGINS]** XXX **[ADELPHIA PROPRIETARY ENDS]** NXX codes  
21      in Virginia.

22  
23   **Q.     Is CLEC demand for UNEs, including the UNE-Platform, increasing?**

1 A. Yes. CLEC competition using UNEs is broad and continuing to expand. As of the end  
2 of May 2001, Verizon had provided a total of approximately 124,000 unbundled loops to  
3 more than 25 different competitors. This figure includes more than 116,000 loops  
4 provided on a stand-alone basis, plus more than 7,600 loops provided as part of UNE-  
5 Platforms. Competitors have obtained loops throughout Virginia to serve both residential  
6 and business customers.

7 Verizon is providing unbundled local switching to approximately five different  
8 CLECs. As of the end of April 2001, Verizon was providing competitors with more than  
9 7,600 unbundled switching line ports as part of platforms. Verizon has provided more  
10 than 630 unbundled dedicated local transport facilities to CLECs in Virginia.

11 In addition, the number of UNE-Platforms purchased by CLECs has grown by  
12 nearly half each month on average over the last six months for which data are available.  
13

14 **Q. Are there large numbers of resellers that resell Verizon VA services?**

15 A. Yes. As of the end of May 2001, approximately 50 CLECs in Virginia were reselling  
16 approximately 107,000 lines, including more than 70,000 business lines and more than  
17 36,000 residential lines. All but one of Verizon's wire centers in Virginia had at least one  
18 resold line, and 90% had at least ten.  
19



1    **III.    COMPETITION FROM DATA PROVIDERS**

2    **Q.    Does Verizon VA face competition from data providers?**

3    A.    Yes. A number of data providers offer data services in Virginia. As packet-switched  
4           technology and Internet Protocol telephony become more prevalent, those providers will  
5           be able to provide voice communications over their data networks.

6  
7    **Q.    Please discuss competition from data CLECs and DSL providers.**

8    A.    Several CLECs have deployed DSL services in Virginia. For example, Covad has been  
9           offering DSL service in Virginia since the end of 1998, and now provides service to both  
10          business and residential customers in Arlington, Alexandria, and Fairfax, as well as  
11          Richmond and Norfolk. Covad has completed **[COVAD PROPRIETARY BEGINS]**  
12          **XXX [COVAD PROPRIETARY ENDS]** physical collocation arrangements and  
13          **[COVAD PROPRIETARY BEGINS] XXX [COVAD PROPRIETARY ENDS]**  
14          virtual collocation arrangement(s) in Virginia central offices, with another **[COVAD**  
15          **PROPRIETARY BEGINS] XXX [COVAD PROPRIETARY ENDS]** physical  
16          arrangement(s) in progress. In addition, Rhythms NetConnections provides DSL service  
17          in Richmond, Norfolk, and Virginia Beach. Rhythms has completed **[RHYTHMS**  
18          **PROPRIETARY BEGINS] XXX [RHYTHMS PROPRIETARY ENDS]** physical  
19          collocation arrangements and **[RHYTHMS PROPRIETARY BEGINS] XXX**  
20          **[RHYTHMS PROPRIETARY ENDS]** virtual collocation arrangement(s) in Virginia  
21          central offices and has **[RHYTHMS PROPRIETARY BEGINS] XXX [RHYTHMS**  
22          **PROPRIETARY ENDS]** physical collocation arrangement(s) in progress. Network  
23          Access Solutions (NAS) began offering DSL service in Reston in February 1997. NAS  
24          also offers service in Norfolk and Richmond. NAS has completed **[NAS**

1       **PROPRIETARY BEGINS] XXX [NAS PROPRIETARY ENDS]** physical collocation  
2       arrangements and **[NAS PROPRIETARY BEGINS] XXX [NAS PROPRIETARY**  
3       **ENDS]** virtual collocation arrangement(s) in Virginia central offices, with another **[NAS**  
4       **PROPRIETARY BEGINS] XXX [NAS PROPRIETARY ENDS]** physical  
5       arrangement(s) and **[NAS PROPRIETARY BEGINS] XXX [NAS PROPRIETARY**  
6       **ENDS]** virtual arrangement(s) in progress.

7               Other CLECs are also offering advanced telecommunications services in Virginia,  
8       both on a stand-alone basis and bundled with other telephone services. Cavalier and  
9       NTELOS also have invested in and are providing DSL services to Virginia customers.

10              As of the end of May 2001, Verizon had provisioned approximately 22,000  
11       unbundled loops for data communications services (primarily xDSL loops), including  
12       **[COVAD PROPRIETARY BEGINS] XXX [COVAD PROPRIETARY ENDS]**  
13       unbundled loops provisioned for Covad and **[NAS PROPRIETARY BEGINS] XXX**  
14       **[NAS PROPRIETARY ENDS]** for NAS.

15  
16   **Q.     Please explain how data providers will be able to offer competitive voice services.**

17   A.     Recent technological developments allow data providers to route voice communications  
18       over DSL or other data networks. So-called “softswitches” operate over broadband  
19       connections and can be used to route voice and data using Internet Protocol (IP). More  
20       advanced softswitches, known as “virtual central offices,” even provide additional  
21       services such as call forwarding and voice messaging. In addition, softswitches remove  
22       the geographic constraints on conventional voice switching, because calls can be routed

1 to the Internet without passing through the switched telephone network to a central  
2 office.<sup>4</sup>

3 Indeed, analysts have attributed a decline in the market for traditional circuit  
4 switching equipment to the convergence of voice-onto-data networks.<sup>5</sup> “The economics  
5 of an IP packet-based platform are compelling. While a circuit switch network’s price  
6 performance doubles every 80 months, that of an IP network doubles in about a quarter of  
7 that time, or every 20 months. Providing voice and data services over a single network is  
8 an economically attractive proposition. Carrying voice traffic on a packet platform saves  
9 up to 70% in operating costs, by [Banc of America] estimates.”<sup>6</sup>

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<sup>4</sup> Vicky Uhland, *Switchin’ to Go*, Interactive Week, Jan. 15, 2001 (“A company can own one softswitch and 10 to 15 voice gateways and be able to access the entire country. Gone is the need for a central office.”) <[www.zdnet.com/intweek/stories/news/0,4164,2674861,00.html](http://www.zdnet.com/intweek/stories/news/0,4164,2674861,00.html)>.

<sup>5</sup> See C. Armacost, SG Cowen Securities Corp., Investext Rpt. No. 24601222 – Lucent Technologies – Company Report at \*1 (Feb. 1, 2001).

<sup>6</sup> Wall St. Transcript Corp., Investext Rpt. No. 2003080, Analyst Interview: Telecommunications – Industry Report at \*3-\*4 (Sept. 22, 2000) (quoting Trent Spiridellis, Principal and Senior Equity Research Analyst, Banc of America Securities). See also A. Lindstrom, *Talkin’ ‘Bout Next-Generation Telcos*, Bus. Comm. Rev., May 1, 2001, at 14 (quoting P. William Bane, vice president of Mercer Management Consulting: “New business models based on the use of IP-oriented switches have an infinitely better value proposition for carriers. . . . They’ll enable gross margins in the 60 percent-plus range and the ability to provide differentiated offerings.”).

See also E.R. Jackson, U.S. Bancorp Piper Jaffray Inc., Investext Rpt. No. 2267558, Sonus Networks Inc.: Initiating Coverage – Company Report (Aug. 21, 2000):

Packet switching takes advantage of very favorable technology trends. Currently, packet telephony offers potential reductions of up to 50% in switch per-port costs. This difference is very likely to increase due to the performance capabilities of data components doubling every 18 months due to the effects of Moore’s law while the performance capability of voice components is only doubling every 10 years. . . . Faster, cheaper, smaller, and more versatile switching equipment is transforming the central office. The use of packet

1 By their own statements, Verizon VA's competitors have made clear that they  
2 intend to use data switches to provide voice telephony. Indeed, in 1999, both AT&T and  
3 Sprint announced they would no longer buy circuit switches for their long-distance  
4 networks, turning instead to ATM switches and IP technology.<sup>7</sup> An AT&T official  
5 recently testified before Congress that "with the growth of services like IP telephony,  
6 there is no longer a clear distinction between 'voice' and 'data' transmissions."<sup>8</sup>  
7 Similarly, a WorldCom official stated that "[a]s part of converging voice and data  
8 services," WorldCom planned to roll out a "soft switch or IP switch to handle Internet  
9 and voice services on IP backbone."<sup>9</sup> According to Net2000, "All of Net2000's services  
10 will be based on an ATM . . . backbone, which is capable of carrying multiple services,  
11 including frame relay, IP and high-quality voice."<sup>10</sup> Intermedia stated that it "has 200

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telephony infrastructures can result in a reduction of up to 90% in equipment space requirements. This important point is amplified as Central Office space is a very finite resource and is some of the most costly real estate worldwide.

<sup>7</sup> See T.K. Horan, CIBC Oppenheimer, Investext Rpt. No. 2749262, Telecom Services: Daily Teletimes – Industry Report at \*1 (Mar. 1, 1999) ("These announcements are consistent with our thesis that telephone networks are gradually migrating from circuit-switched to packet-switched. ATM switches are essentially a hybrid switch with many of the same features and functionality of both a circuit and packet switch.")

<sup>8</sup> Prepared Testimony of James W. Cicconi, General Counsel and Executive Vice President, AT&T Corp., Before the House Committee on Commerce, Federal News Service (Apr. 25, 2001).

<sup>9</sup> Fred Briggs, MCI Chief Technology Officer, quoted in *Telephony*, Comm. Daily (Apr. 14, 2000).

<sup>10</sup> *Net2000 Communications Announces Installation of Six Nortel Networks Passport 7480 Multi-service Switches on Network*, PR Newswire (Dec. 7, 1999). See also *Net2000 Announces Record Financial Results for Fourth Quarter and Year-End 2000*, Bus. Wire (Feb. 7, 2001) (quoting Mark Mendes, Chief Operating Officer: As of the end of 4Q 2000, Net2000 had completed the first two phases of its network build plan, "putting in place a national